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C O N F I D E N T I A L SECTION 01 OF 02 MOSCOW 003437

SIPDIS

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TAGS: [PREL](#) [PGOV](#) [EFIN](#) [CY](#) [RS](#)

SUBJECT: CYPRIOT PRESIDENT CHRISTOFIAS VISIT TO MOSCOW

Classified By: Political Minister Counselor Alice G. Wells for reasons  
1.4 (b) and (d).

#### Summary

1. (C) During a November 19-20 visit to Moscow, Cypriot President Christofias met President Medvedev but a scheduled meeting with PM Putin was canceled. Russia accomplished two objectives in the eight agreements signed during the visit: an agreement to request information on financial transactions between Russian and Cypriot businesses and an endorsement of Medvedev's European Security Treaty (EST). Discussion of the Cyprus situation was limited to a paragraph of the joint political declaration, which supported the May 23 Joint Statement and called for other entities to allow the UN process to move forward without interference. The MFA hailed Cyprus as the first country to endorse, in writing, Medvedev's EST, a recognition by Moscow that Cyprus is an ally in future EU deliberations. End summary.

#### A Full Schedule

2. (SBU) Russophile Cypriot President Demetris Christofias held a packed two-day visit to Russia November 19 and 20, accompanied by the Ministers of Foreign Affairs; Finance; and Commerce, Industry and Tourism, as well as other officials. Christofias met President Medvedev, with whom he signed a series of bilateral agreements, while a planned meeting with Putin was canceled due to a conflict with Putin's speech at the United Russia party conference. Christofias also met with Duma Speaker Boris Gryzlov, Chairman of the Federation Council Sergei Mironov, and Moscow Mayor Yuri Luzhkov. The president also received an honorary doctorate from the prestigious Moscow State Institute for International Relations (MGIMO). The full agenda reflected Christofias's longstanding ties to Moscow, where he earned a doctorate in history (1969-1974), met his wife, and started a family.

#### Lots of Form, Some Substance

3. (C) Russia accomplished two objectives during the visit: an agreement to request on a case-by-case basis information on Russian account holders in Cyprus, and an endorsement of President Medvedev's European security proposal. As Vladimir Milovidov, head of the Russian Federal Markets Service, explained to the press, the agreement between the Markets Service and the Cyprus Securities Commission "established closer cooperation with the country, where a significant portion of Russian financial institutions are registered, to tighten control and ensure transparency in their activities." MFA Cyprus and Greece desk officer, Oleg Bredihin, told us that the GOR "strongly suspects" a series of Russian firms use Cyprus as a tax shelter and avenue to move capital outside the oversight of Russian regulators. He also highlighted that Cyprus was the first European government to put into writing support for Russia's proposed European Security Treaty, including it in the bilateral political agreement.



14. (C) In all, the parties signed eight agreements: a political declaration; a memorandum of understanding between justice ministries on cooperation in investigations; a technical exchange between ministries of health; the information exchange agreement between financial regulators discussed above; a cooperative agreement between ITAR-TASS and the Cypriot national news service; two memorandums of understanding between Russian and Cypriot banks; and an agreement between RosTourism and the Cypriot Ministry of Commerce, Industry, and Tourism to promote bilateral tourism.

Christofias promised to address Medvedev's concern on entry visas for Russians to Cyprus, as prior to Cyprus's entry into the EU, Russians were eligible for visa-free travel.

#### Cyprus Situation

15. (C) Discussion was limited on the political situation in Cyprus. A paragraph was included in the political declaration supporting the language of the May 23 agreement and urging external states -- read the EU -- to not get involved in the process but to leave any action to the UN. Bredihin dismissed criticism of the declaration, saying that Turkey and the Turkish Cypriots "will read what they will into the agreement," and that this should not undermine Russia's good relations in the region.

#### Comment

16. (C) Russia welcomed the Cypriot president in a manner

MOSCOW 00003437 002 OF 002

that belies the country's size and political might. With the country's entry into the EU, under the leadership of Christofias, Russia sees a friend and potential counterweight in future EU deliberations. The MFA's spin on the visit highlights Russia's continuing campaign of approaching European leaders, big and small, on its European security proposal in the hope of building momentum.

RUBIN